

IFQ Cost Recovery Program 2000 Program Summary and 2001 Program Description

**A Report to the
North Pacific Fishery Management Council**

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Background Information

- **IFQ Fee is mandated by Magnuson-Stevens Act**
- **Purpose is to recover actual costs (expenditures) incurred in managing and enforcing the program; however,**
- **Fees may not exceed 3% of the ex-vessel value of IFQ halibut or sablefish**
- **Fees collected are used to**
 - **recover costs of management and enforcement (75%)**
 - **make funds available for Congress to appropriate to support the North Pacific (IFQ) Loan Program (25%)**

Year 2000 Program Summary

- **At the end of the 2000 IFQ season, the fee was established at 1.8% of the ex-vessel value**
 - as premised on identified program expenditures of \$3,474,111 and total ex-vessel value of \$195,882,331
- **2,532 persons (IFQ permit holders) were billed**
 - including 1,892 with only halibut IFQ landings
 - and 109 with only sablefish IFQ landings
 - and 531 with both halibut and sablefish IFQ landings

Year 2000 (continued)

- **By end of Fiscal Year 2001 (September 30, 2000), 2,523 (99.6%) of those with fee obligations had paid**
- **Nine persons were referred to U.S. Treasury Department for collection**
- **Payment exceeded billings by \$7,349**
 - some paid more than billed, based on the “actual value” (which exceeded standard value)
 - landings after 11/15/00 were not included in fee calculation, but fee applied to those landings

Formula for Calculating the 2001 Fee Percentage

$$[100 \times (DPC-AB) / V] / (1-NPR)$$

- ❖ DPC = “Direct Program Costs”
- ❖ AB = “Account Balance” (overpaid)
- ❖ V = Total Ex-Vessel “Value” of IFQ fish
- ❖ 1-NPR = Estimated “Payment Rate”

Determining the 2001 Costs - 1

- **RAM sought FY01 cost information from those who submitted during FY00, including**
 - **Pacific Halibut Commission**
 - **NMFS Office of Law Enforcement**
 - **NMFS Sustainable Fisheries Division**
 - **Restricted Access Management**
- **Responses included**

Determining the 2001 Costs - 2

- Pacific Halibut Commission \$ 148,354
- NMFS Law Enforcement 1,749,400
- NMFS Sustainable Fisheries 80,033
- NMFS/RAM 1,452,570

TOTAL COSTS: \$ 3,430,357

Determining the 2001 Value - 1

- Registered Buyers provided price data
 - by species, by port, and by month
- RAM compiled data to determine “standard” IFQ value
- Value published by port, group of ports, or “all Alaska”
 - depends on number of observations (confidentiality)
- Value for species/port/month of landing multiplied times pounds yields total value

Determining the 2001 Value - 2

- Halibut pounds 55,656,263
- Halibut value \$ 113,423,904
- Sablefish pounds 26,334,415
- Sablefish value \$ 53,944,271

TOTAL VALUE: \$167,368,175

Calculating the 2001 Fee Percent

Costs (DPC) of \$3,430,357

Less *amount overpaid (AB)* of \$7,349

Multiplied times 100,

Divided by *Value (V)* of \$167,368,176

Divided by *Payment Rate (1-NPR)* of .9995,

Equals: 2.046219562, (and rounded)

= 2.0%

Collecting the 2001 Fees

- **Each IFQ Permit Holder will soon receive a statement (bill), which**
 - will contain information on pounds, ports, and month of Permit Holders IFQ landings
 - will apply 2.0% fee calculation to “standard” value
 - and will show total amount due to NMFS by 1/31/02
- **Permit Holder has choice:**
 - s/he may pay based on “Standard” value as set out on the statement; or,
 - s/he may pay based on “actual” value of IFQ sales (if s/he so chooses, actual value must be proven)

Payment Options for 2001 (New)

- **RAM is developing different options for payment, including:**
 - on-line credit card payment
 - telephone credit card payment
 - mail-in check or credit card payment
- **But NMFS does not control installing the on-line credit card payment process**
 - so that payment option may not be immediately available

Allocation of the 2001 Funds

- **25% to be deposited in US Treasury**
 - may be appropriated by Congress to support the North Pacific (IFQ) Loan Program
- **75% to be deposited in the “Limited Access System Administrative Fund” (LASAF)**
 - available to the Secretary to offset future costs of managing and enforcing the IFQ program
- **Note that no more than 75% of the costs will ever be recovered**
- **Not “new money” -- income from fees will simply offset equivalent annual appropriations**

Accountability/Reporting

- **Regulations require publication of Annual Report on Cost Recovery Program**
 - full Report on 2000 Program will be included in 2002 “Report to the IFQ Fleet”
- **Report will be detailed, and will (at a minimum) include information on**
 - value determinations by port, port group, and month
 - number of IFQ permit holders who paid (and who did not pay) and total amount paid (and due)
 - number of permit holders choosing “actual” values
 - amount deposited to Treasury for Loan program
 - other relevant information on program performance

Questions/Comments

Questions and comments about the IFQ
Cost Recovery Program are welcome,
and should be directed to
NMFS/RAM

1-800-304-4846

<www.fakr.noaa.gov>